
**Financial Statement
1998-99**

University of Regina

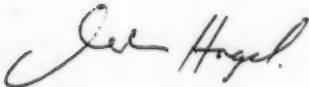
Letter of Transmittal

The Honourable J. Wiebe
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to submit for your consideration the Financial Statements of the University of Regina for the year ending April 30, 1999.

Respectfully submitted:

A handwritten signature in cursive script, appearing to read "Glenn Hagel".

Glenn Hagel
Minister of Post-Secondary Education and Skills Training



UNIVERSITY OF REGINA

Financial Statements

For the Year Ended April 30, 1999

Regina, Saskatchewan, Canada



UNIVERSITY OF REGINA

Financial Statements

For the Year Ended April 30, 1999

Regina, Saskatchewan, Canada

Photograph on front cover courtesy of University of Regina Audio Visual Services

University of Regina

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For the Year Ended April 30, 1999

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University of Regina

Statement of Management Responsibility
For the Year Ended April 30, 1999

The University is responsible for the preparation of the financial statements and has prepared them in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA). The University believes the financial statements present fairly the University's financial position as at April 30, 1999 and the results of its operations for the year then ended.


The University's Board of Governors is responsible for overseeing the business affairs of the University and also has the responsibility for approving the financial statements. The Board has delegated certain of the responsibilities to its Finance and Audit Committee including the responsibility for reviewing the annual financial statements and meeting with management and the Provincial Auditor of Saskatchewan on matters relating to the financial process. The Provincial Auditor has full access to the Finance and Audit Committee with or without the presence of management.


Dr. David T. Barnard
President

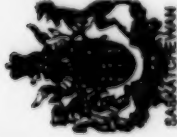
Date:

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan reports to the Board as to the adequacy of these controls.

The financial statements for the year ended April 30, 1999 have been reported on by the Provincial Auditor Saskatchewan, the auditor appointed under *The University of Regina Act*. The Auditor's Report on the following page outlines the scope of his examination and provides his opinion on the fairness of presentation of the information in the financial statements.


Dr. R. James Tomkins
Vice-President (Administration)

August 9, 1999



Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the University of Regina as at April 30, 1999 and the statements of operations and changes in fund balances and statement of cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
August 9, 1999 except for
Notes 10 and 20 as at October 26, 1999

Wayne Strelloff

Wayne Strelloff, CA
Provincial Auditor

University of Regina

Statement of Financial Position

As at April 30, 1999

With comparative figures for April 30, 1998

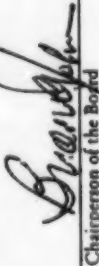
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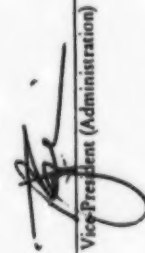
Statement 1

	General	Restricted	Endowment	Total 1999	Total 1998
<i>Current Assets</i>					
Accounts receivable (Note 8)	\$ 6,036	\$ 4,081	(\$1)	\$ 10,116	\$ 8,866
Inventories	2,348			2,348	2,616
Prepaid expenses	203	8		211	215
	<u>8,587</u>	<u>4,089</u>	<u>(1)</u>	<u>12,675</u>	<u>11,697</u>
<i>Long Term Assets</i>					
Long-term investments		9,098	10,361	19,459	20,563
Capital assets (Note 5)		92,888		92,888	92,442
	<u>\$ 8,587</u>	<u>\$ 106,075</u>	<u>\$ 10,360</u>	<u>\$ 125,022</u>	<u>\$ 124,702</u>
<i>Current Liabilities</i>					
Bank Overdraft (Cash) (Note 4)	\$ 10,447	\$ (8,511)		\$ 1,936	\$ 6,705
Accounts payable and other accrued liabilities	3,505	3,172		6,677	3,750
Accrual for vacation pay and early retirement (Note 14)	2,638	0		2,638	5,760
Deferred income	1,402	103		1,505	1,615
Current portion of long-term debt (Note 6)	0	637		637	598
	<u>17,992</u>	<u>(4,599)</u>	<u>0</u>	<u>13,393</u>	<u>18,428</u>
<i>Long Term Liabilities</i>					
Long-term debt (Note 6)	160	13,278		13,438	13,915
Due to (from) other funds (Note 7)	816	(816)		0	0
Accrual for early retirement (Note 14)	719			719	935
	<u>1,695</u>	<u>12,462</u>	<u>0</u>	<u>14,157</u>	<u>14,850</u>
<i>Fund Balances</i>					
Externally restricted funds		16,403	\$ 10,360	26,763	25,637
Internally restricted funds (Note 12)	510	858		1,368	856
Invested in Capital Assets		80,951		80,951	79,994
Unrestricted funds	(11,610)			(11,610)	(15,063)
	<u>(11,100)</u>	<u>98,212</u>	<u>10,360</u>	<u>97,472</u>	<u>91,424</u>
Total Liabilities and Fund Balances	\$ 8,587	\$ 106,075	\$ 10,360	\$ 125,022	\$ 124,702

Commitments (Note 19)

On Behalf of the Board of Governors


Chairperson of the Board


Vice-President (Administration)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement of Operations and Changes in Fund Balances
For the Year Ended April 30, 1999
With comparative figures for 1998
(in thousands of dollars)

Statement 2

Revenues

	General	Restricted	Endowment	Total 1999	Total 1998
Government grants and contracts	\$ 528	\$ 4,775		\$ 5,303	\$ 3,913
Government of Canada					
Department of Post-Secondary Education & Skills Training	47,683	5,533		53,216	48,687
Other	628	2,449		3,077	2,381
Student fees	22,801	25		22,826	22,633
Contributions, gifts, donations and bequests	224	1,647	\$ 166	2,037	5,387
Sales of services and products	12,365	417		12,782	11,709
Income from investments	124	698	43	865	3,556
Miscellaneous income	1,298	177		1,475	1,645
Income from operating leases (Note 16)		1,307		1,307	1,342
	<u>85,651</u>	<u>17,028</u>	<u>209</u>	<u>102,888</u>	<u>101,253</u>

Expenses

	General	Restricted	Endowment	Total 1999	Total 1998
Salaries	30,734	264		30,998	31,163
Academic	23,034	2,311	3	25,348	23,084
Other	6,342	467		6,809	6,282
Employee benefits	6,271	1,249	9	7,529	8,061
Operational supplies and expenses	1,765	845		2,610	2,629
Travel	3,907			3,907	3,079
Cost of goods sold	2,080	1,637		3,717	3,422
Equipment, rental, maintenance & renovations	4,659	38		4,697	4,447
Utilities	426	7,556		7,982	8,093
Amortization of capital assets		286		286	638
Loss on disposal of capital assets	2,434	1,964		4,398	4,745
Scholarships, bursaries and prizes	429	803		1,232	1,230
Interest	494			494	464
Wascana Centre Authority levy	171			171	123
Bad debt expense	(3,338)			(3,338)	(2,117)
Change in early retirement and vacation pay accrual (Note 14)	<u>79,408</u>	<u>17,420</u>	<u>12</u>	<u>96,840</u>	<u>95,343</u>

Net revenues (expenses) Interfund transfers (Note 13)

	6,243	(392)	197	6,048	5,910
	(2,376)	2,385	(9)	0	0

Net increase (decrease) in fund balances for year Fund balances, beginning of year

	3,867	1,993	188	6,048	5,910
	(14,967)	96,219	10,172	91,424	85,514

Fund balances, end of year

	<u>\$ (11,100)</u>	<u>\$ 98,212</u>	<u>\$ 10,360</u>	<u>\$ 97,472</u>	<u>\$ 91,424</u>
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The accompanying notes are an integral part of these financial statements.

University of Regina

Statement of Cash Flows
For the Year Ended April 30, 1999
With comparative figures for 1998
(in thousands of dollars)

Statement 3

	General	Restricted	Endowment	Total 1999	Total 1998
<i>Operating Activities</i>					
Net revenues (expenses)	\$ 6,243	(392)	\$ 197	\$ 6,048	\$ 5,910
Add back items not affecting cash:					
Amortization of capital assets	426	7,556		7,982	8,093
Unrealized (gain) losses on mutual funds		142	10	152	(2,637)
Loss on disposal of capital assets		286		286	638
Decrease (increase) in non-cash working capital	(4,086)	2,779	24	(1,283)	(2,734)
(Decrease) increase in long term accrual for early retirement	(216)			(216)	(3,837)
Cash generated by (used in) operating activities	2,367	10,371	231	12,969	5,433
<i>Investing Activities</i>					
Purchases of investments	(27,748)	(4,065)	(243)	(32,056)	(22,148)
Sales of investments	27,748	5,238	21	33,007	20,387
Purchases of assets:					
Land				0	(57)
Buildings	(18)	(2,498)		(2,516)	(2,396)
Site improvements	(69)	(1,737)		(1,806)	(1,129)
Furnishings and equipment	(963)	(1,536)		(2,499)	(2,564)
Software	(8)	(88)		(96)	(627)
Library resources	(1,796)			(1,796)	(1,681)
Sales of assets				0	0
Cash generated by (used in) investing activities	(2,854)	(4,686)	(222)	(7,762)	(10,215)
<i>Financing Activities</i>					
Acquisition of long-term debt	160			160	3,000
Repayment of long-term debt		(598)		(598)	(552)
Repayment of internal loans	(228)	228		0	0
Cash generated by (used in) financial activities	(68)	(370)	0	(438)	2,448
Net change in cash (bank overdraft)	(555)	5,315	9	4,769	(2,334)
Interfund Adjustments	52	(43)	(9)	0	0
Cash (bank overdraft), beginning of year	(9,944)	3,239		(6,705)	(4,371)
Cash (bank overdraft), end of year	\$ (10,447)	\$ 8,511	\$ 0	\$ (1,936)	\$ (6,705)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement of Operations and Changes in Fund Balances for the General Fund
For the Year Ended April 30, 1999
With comparative figures for 1998
(in thousands of dollars)

Statement 4

	Operating	Vacation Pay Accrual Funded from Future Revenues	Ancillary	Special Projects	Total 1999	Total 1998
Revenues						
Government grants and contracts	\$ 311			\$ 217	\$ 528	\$ 554
Government of Canada	47,186			497	47,683	45,021
Department of Post-Secondary Education & Skills Training	328			300	628	851
Other	22,486	\$ 5		310	22,801	22,422
Student fees	146			78	224	365
Contributions, gifts, donations and bequests	3,713	7,799		853	12,365	11,303
Sales of services and products	36	88		124	124	75
Income from investments	826	301		171	1,298	1,385
Miscellaneous income						
	75,032	0	8,193	2,426	85,651	81,976
Expenses						
Salaries	30,287			447	30,734	30,825
Academic	20,649		1,709	676	23,034	21,390
Other	6,135		161	46	6,342	6,157
Employee benefits	4,495		1,084	692	6,271	6,748
Operational supplies and expenses	1,580		13	172	1,765	1,869
Travel			3,907		3,907	3,079
Cost of goods sold	1,702		270	108	2,080	2,013
Equipment, rental, maintenance & renovations	4,437		217	5	4,659	4,400
Utilities			426		426	436
Amortization of capital assets	2,258				0	18
Lost on disposal of capital assets	7		9	167	2,434	2,476
Scholarships, bursaries and prizes	494		422		429	390
Interest	171				494	464
Wascana Centre Authority levy					171	123
Bad debt expense	(3,399)	61			(3,338)	(2,117)
Change in early retirement and vacation pay accrual (Note 14)	68,816	61	8,218	2,313	79,408	78,271
Net revenues (expenses)	6,216	(61)	(25)	113	6,243	3,705
Interfund transfers (Note 13)	(1,803)		(398)	(175)	(2,376)	(3,231)
Net increase (decrease) in fund balances for year	4,413	(61)	(423)	(62)	3,867	(26)
Fund balances, beginning of year	(9,623)	(1,857)	(3,747)	310	(14,967)	(14,941)
Fund balances, end of year	\$ (5,260)	\$ (1,918)	\$ (4,170)	\$ 248	\$ (11,100)	\$ (14,967)

The accompanying notes are an integral part of these financial statements.

University of Regina

Statement of Operations and Changes in Fund Balances for the Restricted Funds
For the Year Ended April 30, 1999
With comparative figures for 1998
(in thousands of dollars)

Statement 5

	Capital Asset	Research	Trust	Total 1999	Total 1998
Revenues					
Government grants and contracts		\$ 4,775		\$ 4,775	\$ 3,359
Government of Canada	\$ 5,533			5,533	3,666
Department of Post-Secondary Education & Skills Training	646	1,718	\$ 85	2,449	1,530
Other		25		25	211
Student fees					4,940
Contributions, gifts, donations and bequests	7	34	1,606	1,647	406
Sales of services and products		417		417	2,328
Income from investments	101		597	698	260
Miscellaneous income		37	140	177	1,342
Income from operating leases (Note 16)	1,307			1,307	18,042
	<u>7,594</u>	<u>7,006</u>	<u>2,428</u>	<u>17,028</u>	
Expenses					
Salaries		264		264	338
Academic		1,825	210	2,311	1,694
Other	276	133	307	467	125
Employee benefits	27				1,313
Operational supplies and expenses	92	1,060	97	1,249	760
Travel		831	14	845	1,409
Equipment, rental, maintenance & renovations	1,348	283	6	1,637	47
Utilities	17	21		38	7,657
Amortization of capital assets	7,556			7,556	620
Loss on disposal of capital assets	286			286	2,269
Scholarships, bursaries and prizes		586	1,378	1,964	840
Interest	803			803	17,072
	<u>10,405</u>	<u>5,003</u>	<u>2,012</u>	<u>17,420</u>	
Net revenues (expenses)	(2,811)	2,003	416	(392)	970
Interfund transfers (Note 13)	3,768	(384)	(999)	2,385	4,087
Net increase (decrease) in fund balances for year	957	1,619	(583)	1,993	5,057
Fund balances, beginning of year	79,994	4,066	12,159	96,219	91,162
Fund balances, end of year	<u>\$ 80,951</u>	<u>\$ 5,685</u>	<u>\$ 11,576</u>	<u>\$ 98,212</u>	<u>\$ 96,219</u>

The accompanying notes are an integral part of these financial statements.

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 1999

With comparative figures for 1998

(in thousands of dollars)

1. *Authority and Purpose*

The University of Regina became an autonomous institution on July 1, 1974 by an Act of the Saskatchewan Legislature. Its authority is *The University of Regina Act*, Chapter U-5, of the Province of Saskatchewan. The University is a registered charitable organization under the *Income Tax Act*.

The purpose of the University is the preservation, transmission, interpretation and enhancement of the cultural, scientific and artistic heritage of the human race, and the acquisition and expansion of new knowledge and understanding.

2. *Summary of Significant Accounting Policies*

These financial statements have been prepared in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA).

(a) *Fund Accounting*

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The Statement of Operations and Changes in Fund Balances shows the total revenues and expenses of the University, after elimination of interfund transactions with ancillaries and internal cost recoveries. The University has classified accounts with similar characteristics into major funds as follows:

- i) **The General Fund** accounts for the University's program delivery, service and administrative activities. This fund reports unrestricted resources. The General Fund is further classified as Operating, Vacation Pay Accrual Funded from Future Revenues, Ancillary, and Special Projects.
 - **General - Operating Fund** contains the academic, administrative and operational costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, and sales of goods and services to external parties. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.
 - **General - Vacation Pay Accrual Funded from Future Revenues Fund** records the amount of unpaid vacation pay for academic and non-academic staff which will be funded from future revenues.
 - **General - Ancillary Fund** is composed of Ancillary Enterprises that provide goods and services to the University community. They are composed of the Bookstore, College West Residence, Printing Services, Parking, Food Services, Language Institute Residence, Language Institute Food Services, automated teller machines, confectionery store, and coffee shop. Ancillary Enterprises operate on a fee-for-service basis and must be self-funding. Charges to other University funds are eliminated for financial statement purposes by removing them from Ancillary revenues and expenses.

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 1999

With comparative figures for 1998

(in thousands of dollars)

- General - Special Projects Fund consist of a number of individual accounts used to track operating projects' costs and recoveries in one place. These projects involve consulting, training, time-limited projects, or other.

- ii) **The Restricted Fund** reports only restricted resources that are to be used for specific purposes. The Restricted Fund is further classified as Capital Asset, Research, and Trust.

- Restricted -Capital Asset Fund consists of grants, gifts, interest and rental income used to acquire capital assets and repay long-term debt on certain capital assets.
- Restricted -Research Fund consists of grant and contract income and expenses specifically identified for research or related activities as restricted by granting agencies, research institutes and other public and private organizations.
- Restricted - Trust Fund consists of externally restricted resources that may be used in their entirety within the restrictions established by the provider of the funds. The bulk of these funds are restricted for the provision of scholarships or annual lectures.

- iii) **The Endowment Fund** reports resources contributed for endowment. Restrictions placed on the fund by the original provider preclude the original fund balance from being spent.

(b) Use of Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(c) Capital Assets

Purchased capital assets are recorded at cost. Donated assets are reported at fair market value when received by the University. The University capitalizes all assets costing more than \$2 and all computer-related assets costing more than \$5, except library resources, which are capitalized regardless of cost. The University capitalizes upgrades to buildings and site improvements greater than \$10, except for Ancillary Enterprises, which have all upgrades capitalized regardless of cost. Assets costing less than these thresholds are expensed in the year purchased.

Capitalized assets are amortized on a straight line basis over their estimated useful lives as follows:

Buildings	- temporary	20 years
	- permanent	40 years
Site Improvements		10 to 40 years
Furnishings and equipment		3 to 30 years
Software		3 to 8 years
Library resources		10 years

Amortization of Ancillary assets is recorded in the General - Ancillary Fund. All other amortization is recorded in the Restricted - Capital Asset Fund.

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 1999

With comparative figures for 1998

(in thousands of dollars)

An estimate for disposals or withdrawals of library holdings for superseded, poor condition, irrelevant, lost or stolen books is calculated at 1.05 percent of the net capitalized value of library holdings at the end of the preceding year.

Collections are not capitalized or amortized. All additions to collections are expensed in the year purchased.

The original land that was transferred to the University when it became a separate legal institution is reported on the statement of financial position at a nominal value of \$1. This land includes 20 acres at the College Avenue Campus and 357 acres at the Main Campus. In 1989, the Main Campus was appraised by Crown Appraisals of Regina at four dollars per square foot for a total value of \$62,204.

(d) Investments

i) Gains or losses on disposal are recorded in the year of disposal.

ii) Mutual funds are recorded at fair market value. Both realized and unrealized gains and losses are recognized as changes in the market values occur.

iii) Other investments are carried at cost.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value which is principally determined by the first in, first out method.

(f) Donations

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-Kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation.

(g) Pledges and bequests

Pledges and bequests are recorded as contributions in the period when pledged or bequeathed if the amounts to be received can be reasonably estimated and if collection is reasonably assured.

Pledges and bequests of \$2,423 (1998 - \$1,278) were not included in the financial statements because their ultimate collection cannot be reasonably assured.

(h) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

University of Regina

Notes to the Financial Statements

For the Year Ended April 30, 1999

With comparative figures for 1998

(in thousands of dollars)

Investment income earned on Endowment Fund resources is recorded in the appropriate fund, depending on the external restriction placed on that income. If it must become part of the endowment amount, it is recognized as revenue of the Endowment Fund. If it may be spent for a restricted purpose, it is recorded as revenue of that restricted fund. If there are no restrictions on the income, it is reported as income of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

3. Collections

a) Collection of Rare Books, Records and Papers

The University Library maintains a collection of rare books and runs of bound old magazines. The collection is increased either by purchases or donations, which are minimal. The University does not dispose of items in this collection.

The University of Regina Archives collects the official records of the University of Regina, and private papers in various disciplines. The University Archives currently does not purchase or sell any items. All records and papers are transferred or donated.

b) Art Collection

The MacKenzie Art Gallery manages part of the University's art collection as described in note 20 to these financial statements. The University also owns various works of art including paintings, banners, sculptures, and drawings. Additions to and disposals of our collection are few.

c) Collection of Geographical Maps

The University's map library is a reference library containing maps, air photos, atlases, globes and documents on cartography and land use. Most additions come in the form of donations from government and private individuals. It is also a depository for the National Topographic Survey, who sends new and revised maps to the library monthly. The map library does not sell any items in its collection.

4. Bank Overdraft

The University's revolving overdraft at the Canadian Imperial Bank of Commerce is secured by hypothecation of grant revenue.

University of Regina

Notes to the Financial Statements
For the Year Ended April 30, 1999
With comparative figures for 1998
(in thousands of dollars)

5. Capital Assets

	Cost		Accumulated Amortization		Net Book Value	
	1999	1998	1999	1998	1999	1998
Land	\$ 58	\$ 58	\$ 0	\$ 0	\$ 58	\$ 58
Buildings	103,342	101,316	40,545	37,869	62,797	63,447
Site Improvements	20,944	19,138	7,908	7,202	13,036	11,936
Furnishings & Equipment	25,814	24,524	20,700	19,630	5,114	4,894
Software	2,647	2,555	522	255	2,125	2,300
Library Resources	33,662	32,204	23,904	22,397	9,758	9,807
	<u>\$186,467</u>	<u>\$179,795</u>	<u>\$93,579</u>	<u>\$87,353</u>	<u>\$92,888</u>	<u>\$92,442</u>

During the year, the University disposed of the following amounts of assets:

- Library Resources with an original cost of \$338 (1998 - \$324), in accordance with the policy described in note 2(c);
- Site Improvements with an original cost of \$0 (1998 - \$25);
- Buildings with an original cost of \$490 (1998 - \$1,145). The University made some major replacement upgrades;
- Furnishings and Equipment with an original cost of \$1,209 (1998 - \$293).

6. Long-Term Debt

Title of Issue	Interest Rate	Annual Repayment Terms	1999	1998
College West Residence Building Debenture, will be paid off Dec. 31, 2024, secured by building	7.25%	\$ 155 principal & interest	\$ 1,805	\$ 1,828
Information Systems Management Building Mortgage, due Sept. 1, 2001, will be paid off Sept. 1, 2011, secured by land and building	6.97%	\$ 945 principal & interest	7,877	8,266
Daycare Centre Long-Term Loan, due Jan. 1, 2004, will be paid off Jan 1, 2019	8.53%	\$54 principal & interest	517	527
Long-Term Loan on 2 Research Drive Building, due Sept. 6, 1999, will be paid off Sept 6, 2022, secured by land and building	9.05%	\$ 45 principal, interest compounded quarterly	961	1,006
Riddell Centre Building Loan, due May 1, 2002, will be paid off May 1, 2011	6.29%	\$26 principal & interest	2,755	2,886
Sasktel New Media Fund Inc distance learning loan	15% total	none	160	0
Less Current Portion			<u>14,075</u>	<u>14,513</u>
			<u>(637)</u>	<u>(598)</u>
			<u>\$13,438</u>	<u>\$13,915</u>

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The interest and principal repayments for the next five years are:

	Interest	Principal
1999/2000	957	637
2000/01	911	678
2001/02	863	722
2002/03	811	770
2003/04	757	820

7. Due To/From Other Funds

Purpose and Funds Involved	Interest Rate	Annual Repayment Terms	1999	1998
----------------------------	---------------	------------------------	------	------

Physical Activities Lifestyle Centre loan from Restricted - Capital Asset to General - Operating, will be paid off April 30, 2000	6.50%	\$ 67 principal, interest paid once per year	\$ 67	\$ 133
DEC network loan from Restricted - Capital Asset to General - Operating, will be paid off April 30, 2003	6.00%	\$211 blended principal and interest each year, paid monthly	749	911
SCT software loan from Restricted - Trust to Restricted - Capital Asset, will be paid off April 30, 2001	6.25%	\$ 100 principal, interest paid once per year	200	300
			816	1,044

8. Accounts Receivable

Accounts receivable are composed of the following:

Accounts receivable	1999	1998
Loans receivable	\$ 8,672	\$ 6,972
Pledges receivable	44	126
Less Allowance for doubtful accounts	2,061	2,326
	(661)	(558)
Net receivables	\$ 10,116	\$ 8,866

9. Financial Instruments

a) Significant financial instruments, terms and conditions:

The University's significant financial instruments consist of accounts receivable, accounts payable, investments in mutual funds and bank indebtedness, including mortgages and line of credit. There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing, or certainty of future cash flows. Significant terms and conditions for the long-term financial instruments are disclosed separately in these notes.

b) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The

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University is exposed to market risk due to its investment in equity mutual funds. This risk is minimized by investing with a reputable company who maintains a diversified portfolio.

c) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The University is exposed to cash flow risk due to interest rate changes for its investment in money market and bond mutual funds and bank overdraft.

d) Credit risk:

Credit risk is the risk that the party owing the University money will fail to discharge that responsibility. The University is exposed to credit risk from the potential non-payment of accounts receivable and non-return of money invested in mutual funds. The maximum credit risk exposure is equal to the amounts disclosed on the Statement of Financial Position.

Approximately 16% (1998 - 17%) of the University's receivables are from students and employees. The credit risk from these is minimal as the University has various methods of recourse for collection such as withholding transcripts, certificates or degrees and payroll deduction.

Approximately 9% (1998 - 18%) of the University's receivables are from the three federated colleges on campus, which are related parties. See also note 17 to these financial statements.

The other 75% (1998 - 65%) of receivables are from the federal government, not-for-profit organizations, corporations and other universities.

The pledges receivable are from reputable corporations with a history of paying what they have pledged to the University.

The University minimizes credit risk related to mutual funds by investing with a reputable company.

e) Fair Value:

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term nature:
 - cash
 - accounts receivable
 - accounts payable
- The fair value of investments is considered to approximate the disclosed market values.
- The fair values of mortgages as at April 30, 1999 are shown in the table below. These fair values are determined using discounted cash flow analysis based on current incremental borrowing rates for similar borrowing arrangements.

College West Building	\$ 1,764
ISM Building	7,665
Daycare Centre	558
2 Research Drive Building	1,061
Riddell Centre	2,575

These values will fluctuate as market interest rates change.

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10. Pension Plans

The University is responsible for the administration of two contributory defined benefit pension plans, the Pension Plan for the Academic and Administrative Employees of the University of Regina and the Non-Academic Pension Plan. Actuarial valuations are completed regularly as prescribed by statute. The University contributes to its defined benefit Pension Funds the amounts recommended by the actuaries with minimum amounts specified in accordance with the plans and in the collective bargaining agreements. The assets including any potential surplus in the plan are for the benefit of the members and their beneficiaries. There is no provision that allows for the withdrawal of surplus by the University.

The Pension Plan for the Academic and Administrative Employees of The University of Regina is a defined benefit final average pension plan. An actuarial valuation, using the accrued benefit actuarial cost method, was performed on this plan as at December 31, 1998. The present value of accumulated benefits resulting from services provided to December 31, 1998 was \$170,246 (1997 - \$161,597). This amount less assets of \$213,239 (1997 - \$216,197) based on market related values, resulted in an actuarial surplus of \$42,993 at December 31, 1998 (1997 - \$54,600). Pension expense of \$2,256 (1998 - \$2,294) related to this plan is included in these financial statements. On April 20, 1999, the Board approved, in principle, that this plan be closed to new members as of December 31, 1999. The Board agreed to enter into negotiations with the University of Regina Faculty association to discuss implementing a defined-contribution pension plan for academic and administrative employees who join the University on or after January 1, 2000.

The University of Regina Non-Academic Pension Plan is also a defined benefit final average pension plan. An actuarial valuation, using the accrued benefit actuarial cost method, was performed on this plan as at December 31, 1998. The present value of accumulated benefits resulting from services provided to the valuation date was \$37,797 (1997 - \$31,263). This amount less assets of \$47,307 (1997 - \$44,868) based on market values, resulted in an actuarial surplus of \$9,510 at December 31, 1998 (1997 - \$13,605). Pension expense of \$583 (1998 - \$540) related to this plan is included in these financial statements.

In addition, the University is also responsible for the administration of a defined contribution pension plan, the University of Regina Pension Plan for Eligible Part Time Employees. The University matches contributions to this pension fund and has no further liability for the pensions of its members. Pension expense of \$11 (1998 - \$5) related to this plan is included in these financial statements.

11. Expenses by Function

	1999	1998
Instruction	\$ 44,875	\$ 45,958
Library	3,622	3,810
Computing & AV	1,984	1,561
Admin and General	7,130	7,941
Physical Plant	8,520	8,270
Student Services	2,746	2,126
Ancillary	8,218	6,948
Special Projects	2,313	1,657
Capital	10,405	10,245
Research	5,003	4,619
Trust & Endowment	2,024	2,208
Total Expenses	\$ 96,840	\$ 95,343

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12. Fund Balances

a) Internally restricted fund balances

Funds involved and policy:

General - Operating: Certain faculties and departments who underspend their budgets in one year may carry forward this amount and spend it in the following year.

General - Ancillary: Ancillary operations must be self-funding. Positive fund balances are used by ancillaries while negative fund balances must be recovered.

General - Special Projects: Positive fund balances must be used by the special project.

General Fund total

Restricted - Research: Certain research is sponsored by various faculties and departments within the University.

Restricted Fund total

1999

1998

\$ 4,432

\$ 3,533

(4,170)

(3,747)

248

310

\$ 510

\$ 96

\$ 858

\$ 760

\$ 858

\$ 760

b) General - Operating Fund Balance

The General - Operating Fund is in an accumulated deficit position.

Between 1996 and 1998, the Board made two important decisions that increased the University's expenses, deficits and accumulated deficits in those years. In 1996-97, the Board put in place a Faculty Renewal/Voluntary Severance Plan to help rejuvenate the University's teaching and research human resources. In 1997-98, the Board approved the purchase of a new computer system for the University's library to prepare for the year 2000 and to help the library interface with other libraries. The Board intends to recover these costs over the next few years.

The following schedule sets out the status of these recoveries.

	Reduction in	
	1999	1998 (restated)
Faculty Renewal/Voluntary Severance Plan (FR/VSP)	\$ 3,754	\$ 5,819
Library Voyager System	606	936
Historical Accumulated Deficit	900	2,918
Accumulated Deficit	\$ 5,260	\$ 9,673
		\$ 4,413

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13. Interfund Transfers

Each year, the University transfers amounts between its funds for various purposes. These include funding capital asset purchases, and reassigning fund balances to support certain activities.

Description of Interfund Transfer	General Funds			Restricted Funds				Endowment	
	Operating	Ancillary	Special Projects	1999		1998		1999	1998
				Total	Capital Asset	Total	Research	Total	Total
Support for capital asset purchases	\$ (2,707)	\$ 249	\$ (32)	\$ (2,490)	\$ (4,530)	\$ 3,135	\$ (642)	\$ (3)	\$ 2,490
Ancillary support of Operating	350	(350)	0	0	0	0	0	0	\$ 4,530
Lease profit	110		110	145	(110)	(110)		(110)	(145)
Support for central computing assets	574		574	574	(574)	(574)		(574)	(574)
Special initiatives money to support library computer system	235		(235)	0	0	0			
Ancillary administration fee	222	(222)	0	0	0	0			
Support for the construction of 72kV substation					878	(878)		0	
Support for the purchase of Physical Plant assets	(325)			(325)	325	325			
Support for Faculty Renewal/Voluntary Severance Plan			0	404				0	(404)
Unrestricted interest								0	\$ (396)
Other miscellaneous transfers	(262)	(75)	92	(245)	114	258	(118)	254	\$ (9)
	\$ (1,803)	\$ (396)	\$ (175)	\$ (2,376)	\$ (3,731)	\$ 3,768	\$ (384)	\$ 2,385	\$ 4,087
									\$ (356)

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14. Vacation Pay and Early Retirement Accruals

In 1997/98, the Board approved a new early retirement program called the Faculty Renewal - Voluntary Severance Program. The program provides for lump-sum payouts over the subsequent three years based on the retiree's annual salary and other monthly benefits (e.g., maintenance of life insurance, dental premiums). These lump-sum payouts and monthly benefits are accrued at their present value as follows:

	Vacation Pay Accrual	Provision for Early Retirements	Total
Balance, April 30, 1997	\$ 1,942	\$ 6,870	\$ 8,812
Increase (decrease) during year	(85)	(2,032)	(2,117)
Balance, April 30, 1998	1,857	4,838	6,695
Increase (decrease) during year	61	(3,399)	(3,338)
Balance, April 30, 1999	1,918	1,439	3,357
Less long-term portion	0	(719)	(719)
	\$ 1,918	\$ 720	\$ 2,638

15. Budget Versus Actual for 1999

General - Operating Fund:

The University of Regina budgets for the change in the accumulated fund balance (deficit).

	Budget	Actual
Revenues	\$ 73,451	\$ 75,032
Expenses	(71,440)	(68,816)
Net revenues (expenses)	2,011	6,216
Interfund Transfers	(1,511)	(1,803)
Net increase (decrease) in fund balance for year	\$ 500	\$ 4,413

The University's revenue budget of \$73,451 is net of interfund transfers of \$516 and internal operating recoveries of \$3,809.

The University's expense budget of \$71,440 is net of the deficit reduction provision of \$500, library acquisitions of \$2,027, and internal operating recoveries of \$3,809.

The Interfund transfer budget is comprised of the \$516 excluded from the revenue budget, and library acquisitions of \$2,027.

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General - Ancillary Fund:

	Budget	Actual
Revenues	\$ 9,559	\$ 8,193
Expenses	(9,077)	(8,218)
Net revenues (expenses)	482	(25)
Interfund Transfers	(350)	(398)
Net increase (decrease) in fund balance for year	\$ 132	\$ (423)

The University expected to spend \$5,573 on capital asset purchases and rental, maintenance, renovations and Restricted - Capital Asset Fund related expenditures. Actual expenses (net of unbudgeted capital asset amortization of \$7,559) totaled \$2,849. The University also purchased assets totaling \$5,214 which were capitalized and not expensed.

The University does not budget for interfund transfers in the Restricted - Capital Asset Fund.

General - Special Projects Fund:

The University expected no change in the fund balance. It expects revenues to be sufficient to cover expenses incurred. There was actually a decrease in fund balance during the year of \$62.

Restricted - Research Fund:

The University expected no change in the fund balance. There was actually an increase in fund balance during the year of \$1,619.

Restricted - Trust Fund:

The University expected no change in the fund balance. There was actually a decrease in fund balance during the year of \$583.

Restricted - Capital Asset Fund:

The Restricted - Capital Asset Fund budget sets out expected government grant revenues from the Department of Post-Secondary Education & Skills Training of \$5,573 for capital projects. The University actually received \$5,533. The University does not budget for expected income from operating leases, investments, other government grants and contracts, or contributions, gifts, donations and bequests. Revenues from those sources totaled \$2,061.

Endowment Fund:

The University does not budget for the endowment fund since revenues are primarily dependent upon contributions, gifts, donations and bequests.

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16. Operating Leases

The University currently leases out three buildings. The following table discloses information about these properties.

	ISM Building		2 Research Drive Building		Daycare Building	
	1999	1998	1999	1998	1999	1998
Capital cost	\$ 8,980	\$ 8,980	\$ 1,107	\$ 1,107	\$ 577	\$ 577
Accumulated amortization	1,796	1,571	106	78	71	56
Amortization expense	225	224	28	28	15	14
Outstanding debt	7,877	8,266	961	1,005	517	527
Principal & interest paid	945	945	134	138	54	54
Income from Operating Leases	1,160	1,172	93	121	54	50

17. Related Party Transactions

a) Government of Saskatchewan

The University receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its Board of Governors members appointed by the Government of Saskatchewan. To the extent that the government exercises significant influence over the operations of the University, all

Saskatchewan Crown agencies, such as corporations, boards and commissions, are considered related parties to the University.

Operating and capital grants received from the Department of Post-Secondary Education and Skills Training are disclosed separately in the Statement of Operations and Changes in Fund Balances.

During the year, the University's Faculty of Administration received a loan of \$160 from Sasktel New Media Fund Inc (SNMF). This loan is to help finance the development of an internet website for the purposes of providing a distance learning component to the Faculty of Administration Senior Police Executive Education Development program. Based on the financial success of the program, the University agrees to repay the initial investment to SNMF, plus a 15% return on the initial investment.

During the year, The University and SaskPower were able to negotiate a ten year utility supply contract. A central portion of the contract involved the University constructing its own 72 kV substation. This enabled SaskPower to avoid necessary upgrading of the remainder of its system and for this they contributed \$200,000 to the project. A further \$446,000 (including interest) was paid to the University as a retroactive rebate of utility fees for the period 1 Jan 96 to 1 Jan 99. These are recorded as Other government grants and contracts revenue in the Restricted - Capital Asset Fund.

The University currently leases land to the Saskatchewan Opportunities Corporation (SOCO). The lease is for 99 years at one dollar per year expiring on June 30, 2097. The land shall be used for and devoted to research and technology development activities.

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Routine operating transactions with Government of Saskatchewan related parties are recorded at the standard or agreed rates charged by those organizations and are settled on normal trade terms. The larger of these expenditures are as follows:

	1999	1998
Sask. Power Corporation	\$ 2,458	\$ 2,564
Sask. Energy	62	191
Sask. Telecommunications	557	532
Sask. Property Management Corporation	154	154
University of Saskatchewan	229	117
Sask. Workers Compensation	111	100
Sask. Institute of Applied Science and Technology	121	70
Saskatchewan Centre of the Arts	35	53

At year end, the University had accounts payable to the above organizations totaling \$233 (1998 - \$273). The University had an account receivable from the University of Saskatchewan of \$383. Otherwise, the University had no significant accounts receivable from these organizations at either year end.

b) University of Regina Crown Foundation

The University is also related to the University of Regina Crown Foundation through representation on the Foundation's Board of Trustees. The Foundation is incorporated under *The Crown Foundation Act* pursuant to Order in Council 842/94 effective December 15, 1994. As an agent of the Crown in right of the province, donations to the Foundation qualify under the

Income Tax Act for a tax credit in the case of individuals and for a deduction in the case of corporations.

The purpose of the Foundation is to receive gifts of real and personal property, including money, and to provide grants and transfers of real and personal property to the University for the purpose of supporting and promoting its education or research activities. As at the end of the year, the Foundation had net assets of \$0 (1998-\$0). The Foundation transferred \$0 (1998 - \$118) to the University during the year.

c) Canadian Universities Reciprocal Insurance Exchange

The University of Regina is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums that are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year. As of December 31, 1998, CURIE had a surplus of \$10,928 (1997 - \$9,400). During the year, the University received a payment of \$33 from CURIE.

d) MacKenzie Art Gallery Inc.

The Gallery is custodian of a collection of artwork that is the property of the University. The University provides funding to the Gallery, which can be reduced if the government grant to the University is reduced. The Gallery's Board contains two members appointed by the University. The University holds certain money in trust for the Gallery. Income earned on this money is, from time to time, paid to the Gallery to be used to purchase additional works of art to add to the Collection and for the cleaning and restoration of works comprised in the

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Collection. The University also provides other operating services to the Gallery such as audio visual, printing, and payroll services. The Gallery reimburses the University for these services.

During the year, the University applied grant money of \$391 (1998 - \$373) against the Gallery's receivable and paid \$203 (1998 - \$3) to the Gallery. The Gallery paid the University \$711 (1998 - \$383) for services rendered.

Amounts payable to and receivable from the Gallery were minimal at each year end.

The Gallery has given the University money to invest on its behalf in order to get better investment income. At year end, the balance of this investment, including accumulated interest totals \$615 (1999 - \$599) This amount is not included in the University's financial statements. The University does not charge the Gallery for this service.

e) Wascana Centre Authority

On April 1, 1962, the Wascana Centre Authority was constituted a body corporate under *The Wascana Centre Act*. The Government of Saskatchewan, the City of Regina and the University were named as participating parties. The University has a statutory obligation to the Authority for the cost of landscape construction and landscape maintenance performed on University owned land. Following is information regarding payments made to the Authority as prescribed by the Act.

	1999	1998
Maintenance - Authority Land	\$ 284	\$ 257
Maintenance - University Land	213	213
Other miscellaneous payments	104	116
	<u>\$ 601</u>	<u>\$ 586</u>

The University received grants of \$209 (1998 - \$247) from the Department of Post-Secondary Education and Skills Training to help fund the above payments to the Wascana Centre Authority.

The University follows Wascana Centre Authority bylaws when policing its parking lots and meters. The University's tickets are turned over to the City of Regina for collection. The City of Regina sends the ticket revenue to Wascana Centre Authority, who forwards it to the University. During the year, Wascana Centre Authority paid the University \$75 (1998 - \$78) in ticket revenue.

f) Federated Colleges

Three colleges located on the main campus - Campion College, Luther College and the Saskatchewan Indian Federated College (SIFC) are federated with the University but are financially and administratively independent. Students interested in registering in a federated college must meet the general entrance requirements of the University of Regina. Courses offered by the University and the colleges are open to all students. The University's Board of Governors sets the tuition rates that must be paid by all students. Degrees are granted by the University when students have completed all requirements. The University

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has agreements with the three colleges that determine how student fees are shared.

The following receipts and receivables resulted from the fee share agreements:

	1999	1998
Receipts from Campion College	\$ 1,135	\$ 1,417
Receipts from Luther College	1,043	1,067
Receipts from SIFC	100	690
	<u>\$ 2,278</u>	<u>\$ 3,174</u>

Receivable from Campion College
at year end
Receivable from Luther College at
year end
Receivable from SIFC at year end

	\$ 50	\$ 59
	112	70
	<u>270</u>	<u>447</u>
	<u>\$ 432</u>	<u>\$ 576</u>

The University also provides other operating services to the colleges such as telephone, audio visual, library book purchasing, printing, and payroll services. The colleges reimburse the University for these services.

The following receipts and receivables resulted from these operating services:

	1999	1998
Receipts from Campion College	\$ 406	\$ 340
Receipts from Luther College	748	500
Receipts from SIFC	361	87
	<u>\$1,515</u>	<u>\$ 927</u>

Receivable from Campion College
at year end
Receivable from Luther College at
year end
Receivable from SIFC at year end

	\$ 1	\$ 24
	212	427
	<u>125</u>	<u>220</u>
	<u>\$ 338</u>	<u>\$ 671</u>

The University holds a number of trust funds on behalf of SIFC and Luther. The University also has other small agreements with the colleges. As a result of these, the University made payments to the colleges during the year as follows:

	1999	1998
Payments to Luther College	\$ 95	\$ 68
Payments to SIFC	403	476
Payments to Campion College	244	161

g) Petroleum Technology Research Centre

The Petroleum Technology Research Centre (PTRC) is a federally incorporated not-for-profit organization. Its founding participants include The University of Regina, The Saskatchewan Research Council (SRC), Natural Resources Canada (NRCan) and Saskatchewan Energy and Mines.

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The University's involvement with the PTRC includes providing administrative services such as banking, revenue recording, bill paying, and the preparation of certain financial reports. These services are provided at no charge to the PTRC. As a result of this service, the University holds PTRC cash in its bank, and has an account payable to the PTRC in the amount of \$2,567 (1998 - \$0).

The University also employs professors who carry out PTRC related research. These professors will remain employees of the University of Regina. The University has an agreement with NRCan whereby NRCan will reimburse the University for part of these professors' salaries and benefits. The PTRC member who will be the recipient of the benefits of the research will be determined on a project by project basis.

It is not possible to quantify the University's contribution to the PTRC in either the administrative or research areas.

18. *Uncertainty Due to the Year 2000*

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when processing information which uses year 2000 dates. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The University is currently working to resolve the potential effect of computer system failure in the event the University's computer programs fail to properly recognize the year 2000 on or after January 1, 2000. The effect on operations and financial

reporting may range from minor errors to significant systems failure that could affect the ability of the University to conduct its operations. The costs of addressing potential problems by modifying, replacing or retiring significant portions of computerized information systems, or by repairing damage caused by system failures, may have a material adverse effect on the University's financial position. Despite the University's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 problem affecting the University, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

19. *Commitments*

Just prior to year-end, the University signed contracts for the purchase of new chillers and cooling towers for the Central Heating Plant. These contracts are worth approximately \$1,500 and are expected to be paid sometime during the late fall of 1999. Further spending will be necessary to get the chillers and cooling towers installed and functioning. No contracts were signed for this part of the upgrade prior to April 30, 1999.

Prior to year end, the University had also signed contracts for major renovations to the Administration Humanities Building to accommodate the School of Journalism. These renovations will cost approximately \$990. By April 30, 1999, the University had already spent \$389 on the renovation project. This amount has been capitalized as work in progress.

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20. Subsequent Events

On October 6, 1999, the University repaid in full the \$916,200 principle amount owing on the long-term loan related to the building located on 2 Research Drive.

On September 2, 1999, the Board approved certain amendments to the Non-Academic Pension Plan which are effective January 1, 1999. The cost impact of these amendments has been included in the actuarial valuation information in Note 10. The amendments have the following effects:

- Increase the benefit formula for active members to 2% of the best 3-year average earnings for past and future service to December 31, 2010;
- Reduce the employee contribution formula to 5.15% or earnings; and
- Provide an ad-hoc increase to pensions in pay equal to the increase in inflation since December 31, 1995 (or since retirement if later).

On October 26, 1999, the Board approved an amendment to the Pension Plan for the Academic and Administrative Employees of the University of Regina which are effective January 1, 1999. The cost impact of this amendment has been included in the actuarial valuation information in Note 10. The amendment provides for indexing commencing one year after age 65, or one year after retirement if the member retires after age 65, based on the following:

- i) the full increase in the Consumer Price Index (CPI) if it is less than 3.3%, or

ii) 3.3% if the increase in the CPI is greater than 3.3% and less than 4%, or

iii) CPI minus 0.7% if the increase in the CPI is greater than 4%.